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RUEHLMC/MILLENNIUM CHALLENGE CORP

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E.O. 12958: DECL: 09/07/2011

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SUBJECT: AMBASSADOR'S FAREWELL CALL ON PM MARGARIAN

Classified By: Ambassador John M. Evans, for reasons 1.4 (b) and (d)

¶1. (C) WARM WISHES: The Ambassador's September 5 farewell call on Prime Minister Andranik Margarian was brief and businesslike. Margarian praised the bilateral cooperation and achievements of the last two years, notably the Millennium Challenge Account (MCA) Compact and the ongoing U.S.-Armenia Economic Task Force (USATF) processes. He urged the Ambassador to stay in touch with Armenia.

¶2. (C) BILATERAL TIES, MCA, AND INVESTMENT CLIMATE: The Ambassador assured the PM that the transition to a new ambassador should be seamless in terms of the continuing U.S.-Armenia relationship. He had great confidence in his country team and in the incoming Ambassador-designate. He applauded the PM's role in the GOAM's transparent process for choosing the chief executive officer of MCA-Armenia. He said the MCA Compact signing had been an achievement, but that in many ways the MCA program was just getting started. It would be important to stay the course on reforms and criteria (i.e. indicators) to fully realize the program. The Ambassador noted his wish that more American firms had seen fit to invest in Armenia during his tenure. Observing that Armenia, as a small market, had to struggle to get noticed by major international firms, further improvements to Armenia's business climate--especially anti-corruption and rule of law issues-- would help.

¶3. (C) LEAVING THE DOOR OPEN: Margarian agreed, saying he was closely involved in the GOAM's anti-corruption initiatives. He said the government was committed to working transparently, and welcomed U.S. advice and assistance. He looked forward to a continuing relationship with the new Ambassador.

¶4. (C) THE DEMOCRACY MESSAGE: The Ambassador laid down a marker on the necessity for free and fair elections in 2007 and 2008. He highlighted U.S. election-related assistance, and reiterated his consistent point (made often to the GOAM and local media) that the U.S. does not support "revolution" in Armenia, but rapid evolution toward fully democratic practices. Margarian did not think there were any revolutionary forces at work in Armenia. The Ambassador said that Armenia had it within its capacity to be a leading democracy within the region, and hoped that this would come to pass. The PM agreed this was important for Armenia's integration with Europe.

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